

Message Text

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ORIGIN EA-14

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-03 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 COME-00

L-03 OPIC-12 FRB-03 CIAE-00 INR-11 NSAE-00 H-03 /123 R

DRAFTED BY EA/PHL:RTWILLNER:DL

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EB/IFD/OIA:RJSMITH

L/EB:PTRIMBLE

EA/EP:AGEBER

COMMERCE:LDWYER (PHONE)

D:MPENDLETON

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R 161641Z AUG 74

FM SECSTATE WASHDC

TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: EGEN, EFIN, RP, US

SUBJECT: INSURANCE REGULATION

REF: MANILA 9698

1. AGREE THAT REPRESENTATIONS SHOULD BE POSTPONED PENDING HEARINGS, ALTHOUGH NOT NECESSARILY UNTIL RESULTS ARE KNOWN.

2. FOR EMBASSY'S INFORMATION, HOWEVER, WISH TO ADD FOLLOWING INFORMATION PROVIDED AUGUST 14 BY AIU GENERAL COUNSEL'S OFFICE (SHELP). AIU SEES SUBSTANTIAL PROBLEMS EVEN IF RESTRICTIONS ONLY REQUIRE THAT COMPANIES BE INCORPORATED IN PHILIPPINES. WHILE PHILAM LIFE IS INCORPORATED THERE, OTHER AIU SUBSIDIARIES IN MANILA, NATIONAL UNION, NEW HAMPSHIRE, AMERICAN HOME, FIREMANS INSURANCE, AND HANOVER ARE NOT. ACCORDING TO AIU'S INFORMATION, MOREOVER, OTHER U.S. INSURANCE COMPANIES ARE NOT LOCALLY INCORPORATED, INCLUDING AFIA

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COMPANIES: FIREMANS FUND, GREAT AMERICAN, AND HOME INSURANCE

AS WELL AS INSURANCE COMPANY OF NORTH AMERICA.

3. AIU WAS INFORMED, FURTHERMORE, DURING NEGOTIATIONS SHORTLY BEFORE LAUREL-LANGLEY EXPIRATION, THAT BOARD OF INVESTMENTS WOULD NOT APPROVE ANY NEW INCORPORATIONS BY FOREIGN INSURANCE COMPANIES. IT IS ALSO NOT CLEAR WHAT REQUIREMENTS WOULD BE FOR INCORPORATION IF IT WERE PERMITTED; FOR EXAMPLE, WOULD THERE BE A REQUIREMENT FOR SPECIFIC LEVELS OF FILIPINO EQUITY. AIU ALSO UNDERSTANDS

THAT PHILIPPINE INSURANCE COMPANIES ARE PRESSING FOR MEASURES THAT WOULD EXCLUDE FOREIGN COMPANIES FROM DIRECT INSURANCE, NOTING THAT SUCH EXCLUSION HAS TAKEN PLACE IN OTHER COUNTRIES, PARTICULARLY LATIN AMERICA.

4. HAVE POINTED OUT TO AIU THAT GOP PERFORMANCE DURING PAST TWO YEARS HAS TENDED TOWARD MORE LIBERAL TREATMENT OF FOREIGN INVESTMENT AND THAT FREQUENT RUMORS OF DISCRIMINATORY TREATMENT HAVE NOT USUALLY MATERIALIZED. ACKNOWLEDGED, HOWEVER, THAT NATIONALISTIC PRESSURES MUST BE EXPECTED TO CONTINUE. REQUEST YOU CONTINUE TO MONITOR DEVELOPMENTS AND KEEP DEPARTMENT INFORMED. KISSINGER

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